

# OFFICE OF FINANCIAL INSTITUTIONS

## OFI BULLETIN

BL-07-2003  
December 15, 2003  
[B,T]

TO: THE BOARD OF DIRECTORS & AUDIT COMMITTEE

SUBJECT: DIRECTORS' EXAMINATION REQUIREMENTS

The annual Directors' Examination Report (Report) for your institution must be completed and submitted to this Office under the provisions of the March 20, 2002, **Directors' Examination Rule** (Rule). State-chartered financial institutions that have a December 31 year-end must file a Report **on or before April 30**. Institutions with a year-end date **other** than December 31 must submit the Report **within one hundred twenty days** from the end of the reporting period.

The Rule allows Audit Committees to secure one of the following four external audit options in fulfilling the Directors' Examination requirements: an opinion audit, a "balance sheet only" audit, an attestation report on the internal controls over financial reporting, or a selected procedures engagement. Listed below are the reporting requirements for each of these options.

### I. AN OPINION AUDIT performed by an independent CPA:

#### A. "Stand Alone" Financial Institutions (Institutions with no parent companies)

Institutions that obtain **opinion audits** on an "institution only" basis from independent CPAs must submit **two sets (copies)** of the following information:

1. The Report **cover sheet** identifying the name and address of the institution as well as the period covered,
2. A complete copy of the audited financial statements (including all footnotes),
3. A copy of any management or comment letters issued by the CPAs, and
4. The institution's response to the management letter.

#### B. Financial Institution Subsidiaries of Holding Companies.

Holding companies that obtain **opinion audits** from independent CPA's on a "consolidated" basis must submit **two sets (copies)** of the following, provided the audit meets the subsidiary audit coverage criteria in Section (I) of the Rule:

1. The Report **cover sheet** identifying the name and address of the institution, as well as the period covered,
2. A complete copy of the audited consolidated financial statements (including all footnotes),

3. An “institution-only” balance sheet for each subsidiary institution that must submit a Report,
4. An “institution-only” income statement for each subsidiary institution that must submit a Report,

**Note:** Institutions may satisfy #3 and #4 by submitting (1) “institution-only” balance sheet and income statements prepared by the institution or CPA, (2) audited financial statements that include “institution-only” balance sheet and income statements in the footnotes to the consolidated financial statements, prepared by the CPA, or (3) consolidating worksheets breaking out all entities in the consolidated group before eliminating entries, prepared by the CPA.

5. A copy of any management or comment letters issued by the CPA, and
6. The institution’s response to the portions of the management letter that pertain to the institution required to submit a Report.

## **II. “Balance Sheet Only” Audits and “Attestation on Internal Controls over Financial Reporting Engagements”**

Institutions that obtain either a “Balance Sheet Only” opinion audit or an “Attestation on the Internal Controls over Financial Reporting” report from an independent CPA must submit **two sets (copies)** of the following within the filing deadlines stated above:

1. The Report **cover sheet** identifying the name and address of the institution, as well as the period covered,
2. A complete copy of the audited balance sheet (including all footnotes) or the attestation report issued in connection with the examination of internal controls over financial reporting,
3. A copy of any management or comment letters issued by the CPA, and
4. The institution’s response to the management letter.

## **III. “Selected Procedures Report”**

Audit committees that secure audit programs less in scope than the options shown above should contact our staff CPA, Mrs. Dale Jacobs, at (225) 922-0632, to obtain the seven-page forms and instructions for completing the selected audit procedures required under the revised Rule.

The above information will also be posted on OFI’s website [www.ofi.state.la.us](http://www.ofi.state.la.us). If you have any questions, please e-mail our Staff CPA, Mrs. Dale Jacobs, [djacobs@ofi.state.la.us](mailto:djacobs@ofi.state.la.us), or call her at (225) 922-0632.

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